

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Application of San Diego Gas & Electric
Company (U 902 M) for Approval of The
SDG&E Solar Energy Project

Application 08-07-017
(Filed July 11, 2008)

**SAN DIEGO GAS AND ELECTRIC COMPANY'S (U902M) ANNUAL
COMPLIANCE REPORT ON THE SOLAR ENERGY PROJECT**

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February 10, 2014

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Pursuant to Decision ("D.") 10-09-016, San Diego Gas and Electric Company ("SDG&E") respectfully submits its Annual Compliance Report on the Solar Energy Project ("SEP") program.

**I.
INTRODUCTION**

The Solar Energy Project ("SEP") is a five-year program adopted by the CPUC in D.10-09-016 on September 3, 2010 to spur the development of distributed solar photovoltaic ("PV") projects in SDG&E's service territory. As originally approved, it allowed SDG&E to build and own up to 26 MWdc¹ PV, tied to SDG&E's distribution system, with individual projects no greater in size than 5 MW.

In D.10-09-016, the CPUC instructed SDG&E to file an annual compliance report on the operating performance of the SEP projects.

On December 10, 2010 SDG&E filed Advice Letter 2210-E requesting approval of SDG&E's solicitation process where it sought PV projects to be developed and constructed by third parties and owned by SDG&E as utility-owned generation ("UOG"). On April 11, 2011 the Energy Division approved implementation and administration of the SEP program which established the start of the 5-year program

¹ Capacity shall be listed as direct current ("dc") unless otherwise noted.

SDG&E issued a competitive solicitation on September 6, 2011 for a third party EPC contractor and executed a turnkey agreement on June 20, 2012. Subsequent to the competitive solicitation, SDG&E filed Tier 2 Advice Letter 2374E-A on July 6, 2012 seeking CPUC approval. The advice letter was later approved effective August 5, 2012. On June 20, 2012 SDG&E also executed a 10 year O&M agreement with the Phase 1 approved EPC vendor at a cost less than the CPUC cap of \$25/kW-yr. This O&M agreement is integral with the warranties afforded under the EPC contract.

The solicitation resulted in an award for eight (8) different sites located on SDG&E property with the potential to accommodate 17 MW of solar capacity. As of March 2013, four (4) sites had been forecasted to be no longer under the \$3.50/W price cap, if constructed, due to adverse geotech and/or higher than expected interconnection costs. Development activities on these sites ceased. An additional site was dropped in October 2013 due to higher than expected permitting costs, pushing forecasted costs beyond the cap. Three (3) sites remain viable with the potential to accommodate 8.8 MW and will continue through the development process.

In September 2013 SDG&E management made the decision not to pursue additional UOG projects within SEP. Due primarily to unexpectedly lengthy permitting processes, the additional facilities were unlikely to meet the April 2016 deadline for commercial operation.

II. INFORMATION REGARDING THE UOG PORTION OF THE SOLAR ENERGY PROJECT

A. A Description of All UOG Facilities for Which Work Has Been Initiated or Completed in the Previous Year, Including: (a) Capital Costs, (b) Operations and Maintenance Expenses, (c) Generating Capacity, (d) Description of the Site (Host Customer, Host Tenant, Lease Cost, and On-Site Load), and (e) Progress Toward Completion.

In Table 1 below, SDG&E provides a description of each of the UOG facilities for which work was initiated in the previous year, including: (1) site name (2) location address, and (3) generating capacity.

By the end of the calendar year 2013, no SEP projects had reached California

Independent System Operator (“CAISO”) Commercial Operation. All projects are presently in the permitting phase, with no construction in progress yet. In Table 1 below, SDG&E identifies the expected capacity of each of the UOG facilities under development.

Table 1

Site Name	Location Address	MW
Valley Center	Valley Center Rd, Valley Center, CA.	1.3
Creelman	Creelman Ln at Casteel Ln, Ramona, CA.	5.0
Pala	Hwy 76 @ Pala Del Norte, Pala, CA.	2.5
		8.8

These projects have not completed construction and are not connected to the grid.

B. A Calculation of the Levelized Cost of Energy (“LCOE”) for Each UOG Facility That Is Completed and Interconnected to the Grid. This Calculation Shall Include Workpapers Showing Actual Amounts for All Cost and Electrical Output Entries Used to Calculate the LCOE.

SDG&E has no UOG projects that are completed and interconnected to the grid –

C. Electrical Output by Month for the Previous Year for Each UOG Facility That Is Completed and Interconnected to the Grid.

SDG&E has no UOG projects that are completed and interconnected to the grid –

D. A Complete Description of the Interconnection Upgrades Associated with Interconnecting Each UOG Facility, Including: (a) all Distribution and Network Transmission Upgrades Performed in the Prior Year or Anticipated to Be Performed in the Coming Years, (b) the Known or Projected Costs of Those Upgrades, (c) a Listing of the UOG Projects Identified as Triggering the Need for Network Upgrades, (d) the UOG Projects Implemented Notwithstanding the Need for Network Upgrades, and (e) the Cost of Those Network Upgrades.

None of the three projects in development are anticipated to require Network Upgrades.

This has been confirmed through the Interconnection Application Process. Network Upgrades are defined as reconductoring or pole additions. This does not include the required Interconnection Facilities (metering, disconnect switches, etc.).

III. CONCLUSION

SDG&E respectfully submits this SEP Report (including Attachments A through D)

summarizing the status of the UOG portions of the SEP.

Dated this 10th day of February, 2014.

Respectfully submitted,

By: /s/ Steven D. Patrick
Steven D. Patrick

Attorney for:


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VERIFICATION

I am a Manager in the Electric and Project Development Department of San Diego and Electric Company and am authorized to make this verification on its behalf. I am
med and believe that the matters stated in the foregoing pleading are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 6th day of February San Diego, California.

A handwritten signature in black ink, appearing to read 'Frank Thomas', written over a horizontal line.

By: Frank Thomas

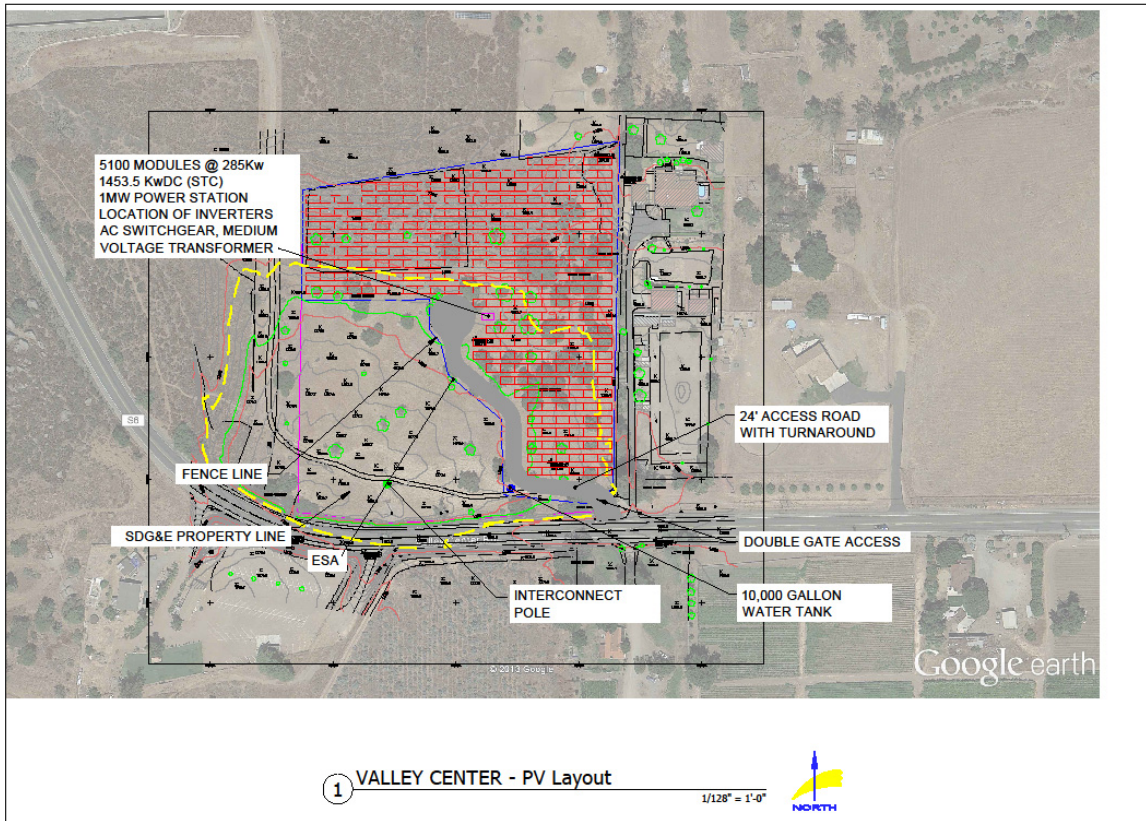
SAN DIEGO GAS AND ELECTRIC COMPANY
8315 Century Park, CP21C
San Diego, California 92123

SEP 2013 Annual Report

Attachment A

SDG&E Site Description

Valley Center Aerial Map



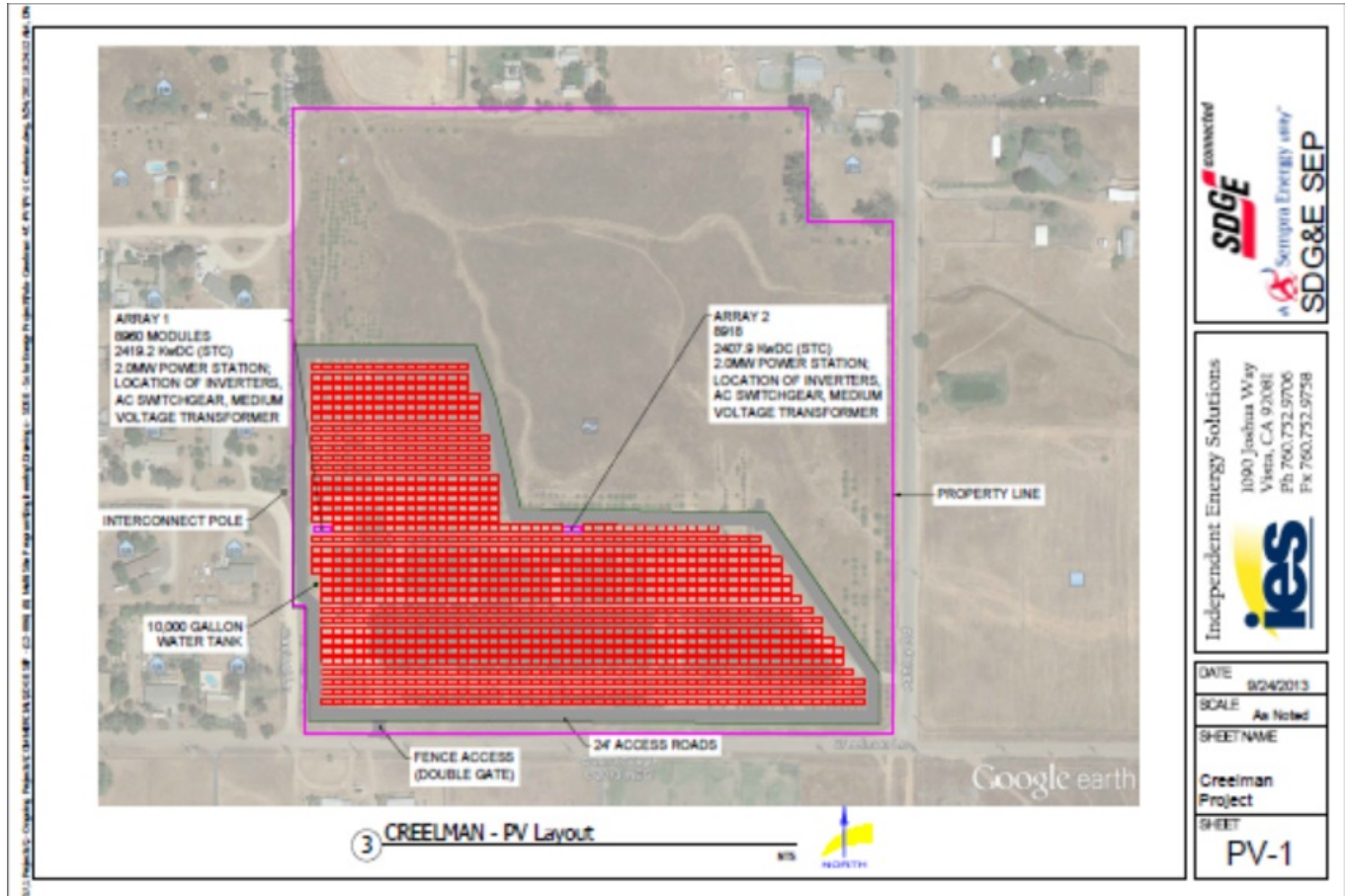
connected
SDG&E
A Sempria Energy utility
SDG&E SEP

Independent Energy Solutions

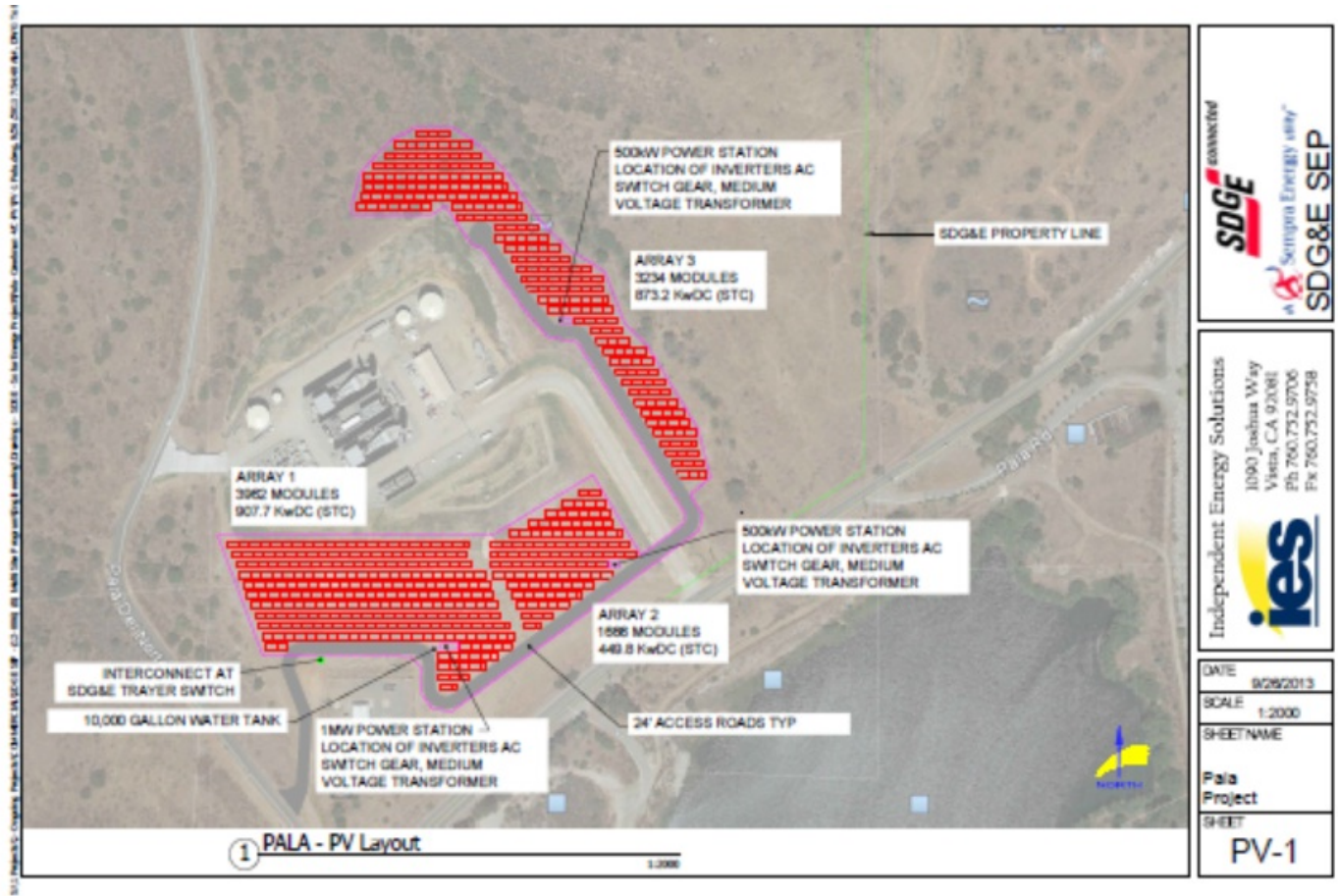
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Vista, CA 92081
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DATE	1/2/2014
SCALE	As Noted
SHEET NAME	Valley Center Project
SHEET	PV-1

SDG&E Site Description
Creelman Aerial Map



Pala Aerial Map



Attachment B
2013 SEP LCOE

SDG&E has no UOG Solar Energy Projects that are completed and interconnected to the grid.

Attachment C
SEP UOG 2013 Generation

SDG&E has no UOG projects that are completed and interconnected to the grid.

Attachment D

2013 SEP UOG Distribution Upgrades Costs

No Network Upgrade Costs, such as reconductoring, have been identified for any of the three projects that are currently in development.